

MORGAN, LEWIS & BOCKIUS LLP

Edwin E. Smith
Melissa Y. Boey
101 Park Avenue
New York, NY 10178
Tel: (212) 309-6000
Email: edwin.smith@morganlewis.com
melissa.boey@morganlewis.com

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:	:	Chapter 11
SEARS HOLDINGS CORPORATION, <i>et al.</i> ,	:	Case No. 18-23538 (RDD)
Debtors. ¹	:	(Jointly Administered)
	:	

**OBJECTION OF CFP FIRE PROTECTION, INC.
TO THE DEBTORS' PROPOSED CURE AMOUNT FOR THE
POTENTIAL ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS
IN THE DEBTORS' GLOBAL SALE TRANSACTION**

CFP Fire Protection, Inc. (d.b.a. Consolidated Fire Protection) ("CFP"), by and through its undersigned counsel, Morgan, Lewis & Bockius, LLP, hereby submits this objection (the "Cure Objection") to the proposed cure amount provided in connection with the CFP Agreement (defined below) in Exhibit A to the *Notice of Cure Costs and Potential Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection with Global Sale Transaction* (Docket No. 1731) (the "Cure Notice") filed by the above-

¹ The Debtors in these chapter 11 cases are as follows: Sears Holdings Corporation; Kmart Holding Corporation; Kmart Operations LLC; Sears Operations LLC; Sears, Roebuck and Co.; ServiceLive Inc.; SHC Licensed Business LLC; A&E Factory Service, LLC; A&E Home Delivery, LLC; A&E Lawn & Garden, LLC; A&E Signature Service, LLC; FBA Holdings Inc.; Innovol Solutions, Inc.; Kmart Corporation; MaxServ, Inc.; Private Brands, Ltd.; Sears Development Co.; Sears Holdings Management Corporation; Sears Home & Business Franchises, Inc.; Sears Home Improvement Products, Inc.; Sears Insurance Services, L.L.C.; Sears Procurement Services, Inc.; Sears Protection Company; Sears Protection Company (PR) Inc.; Sears Roebuck Acceptance Corp.; Sears, Roebuck de Puerto Rico, Inc.; SYW Relay LLC; Wally Labs LLC; SHC Promotions LLC; Big Beaver of Florida Development, LLC; California Builder Appliances, Inc.; Florida Builder Appliances, Inc.; KBL Holding Inc.; KLC, Inc.; Kmart of Michigan, Inc.; Kmart of Washington LLC; Kmart Stores of Illinois LLC; Kmart Stores of Texas LLC; MyGofer LLC; Sears Brands Business Unit Corporation; Sears Holdings Publishing Company, LLC.; Sears Protection Company (Florida), L.L.C.; SHC Desert Springs, LLC; SOE, Inc.; StarWest, LLC; STI Merchandising, Inc.; Troy Coolidge No. 13, LLC; BlueLight.com, Inc.; Sears Brands, L.L.C.; Sears Buying Services, Inc.; Kmart.com LLC; Sears Brands Management Corporation; and SRe Holding Corporation.

captioned debtors (the “Debtors”) on January 18, 2019. In support of the Cure Objection, CFP respectfully states:

BACKGROUND

1. CFP is a large national fire protection service provider that installs, services, and maintains fire protection and life safety systems in office buildings, retail shopping malls, manufacturing facilities, government complexes, and other real property. CFP has been providing fire protection and life safety services to certain of the Debtors pursuant to a certain *Master Service Agreement* dated February 1, 2018 (the “CFP Agreement”).

2. On October 15, 2018 (the “Petition Date”), the Debtors each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with this Court. Since the Petition Date, the Debtors have continued to operate and manage their businesses as debtors and debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

3. On November 19, 2018, this Court entered the *Order Approving Global Bidding Procedures and Granting Related Relief* (Docket No. 862) (the “Bidding Procedures Order”), approving, among other relief, global bidding and sale procedures in connection with the sale or disposition of substantially all of the Debtors’ assets.

4. On January 18, 2019, the Debtors filed the Cure Notice. The Cure Notice contained a schedule of executory contracts which may be potentially assumed and assigned to the successful purchaser of the Debtors’ assets, including the Debtors’ proposed cure amount for each such contract.

5. The Cure Notice identified the CFP Agreement as executory contract No. 1803, titled: “FAC-CONDOLIDATED FIRE PROTECTION-MSA-2018”,² and listed a proposed cure amount of \$1,273,789 (the “Debtors’ Proposed Cure Amount”).

² CFP kindly requests that the Debtors correct the title of the CFP Agreement to “FAC-CONSOLIDATED FIRE PROTECTION-MSA-2018” to ensure clarity.

CURE OBJECTION

6. While CFP does not object to the Debtors' assumption of the CFP Agreement, the Debtors' Proposed Cure Amount is incorrect. Pursuant to sections 365(b)(1) and (f)(2) of the Bankruptcy Code, CFP asserts that the total amount necessary to cure all pre-petition defaults under the CFP Agreement is **\$1,716,555.68** (the "CFP Cure Amount"), as set forth in the spreadsheet attached hereto as Exhibit A. This spreadsheet details each outstanding pre-petition invoice owed by the Debtors to CFP, including the corresponding work order and purchase order reference numbers for each invoice.

7. CFP reserves the right to amend and/or supplement this Cure Objection, including, without limitation, to include additional amounts due that arise or become known to CFP prior to assumption, to add or supplement objections to the Debtors' Proposed Cure Amount, and to raise any additional objections to the assumption, or assumption and assignment, of the CFP Agreement.

WHEREFORE, CFP respectfully requests that the Court (i) require the Debtors to pay CFP the CFP Cure Amount as a condition to the assumption of the CFP Agreement; and (ii) grant CFP such other and further relief as the Court deems just and proper.

Dated: New York, New York
January 25, 2019

MORGAN, LEWIS & BOCKIUS LLP
/s/ Melissa Y. Boey
Edwin E. Smith
Melissa Y. Boey
101 Park Avenue
New York, New York 10178
Telephone: (212) 309-6000
edwin.smith@morganlewis.com
melissa.boey@morganlewis.com

*Attorneys for CFP Fire Protection, Inc.
(d.b.a. Consolidated Fire Protection)*